

JUDGMENT OF THE COURT OF FIRST INSTANCE (Fifth Chamber)

22 March 2007 *

In Case T-215/03,

SIGLA SA, established in Madrid (Spain), represented by E. Armijo Chávarri,
lawyer,

applicant,

v

Office for Harmonization in the Internal Market (Trade Marks and Designs)
(OHIM), represented by I. de Medrano Caballero and G. Schneider, acting as
Agents,

defendant,

the other party to the proceedings before the Board of Appeal of OHIM being

Elleni Holding BV, established in Alphen aan de Rijn (Netherlands),

* Language of the case: Spanish.

ACTION brought against the decision of the Third Board of Appeal of OHIM of 1 April 2003 (Case R 1127/2000-3) relating to opposition proceedings between SIGLA SA and Elleni Holding BV,

THE COURT OF FIRST INSTANCE
OF THE EUROPEAN COMMUNITIES (Fifth Chamber),

composed of M. Vilaras, President, F. Dehousse and D. Šváby, Judges,

Registrar: B. Pastor, Deputy Registrar,

having regard to the application lodged at the Registry of the Court of First Instance on 13 June 2003,

having regard to the response lodged at the Court Registry on 3 October 2003,

having regard to the oral procedure and further to the hearing on 14 November 2006,

gives the following

Judgment

Background to the dispute

- ¹ On 7 February 1997, Elleni Holding BV filed an application for a Community trade mark at OHIM pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended.

- 2 The mark in respect of which registration was sought ('the mark applied for') is the word sign VIPS.

- 3 The goods and services in respect of which registration was sought are in Classes 9, 35 and 42 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, and correspond, for each of those classes, to the following description:
 - 'Computers and computer programs recorded on tapes and disks' in Class 9;

 - 'Business consultancy; services relating to the processing of data recorded by computer' in Class 35;

 - 'Computer programming; hotel services, restaurants, cafés' in Class 42.

- 4 By letter of 23 April 1999, addressed to OHIM, Elleni Holding restricted the services in Class 42, which were covered by its application for a Community trade mark, to the following services: 'Computer programming relating to hotel services, restaurants, cafés'. By letter of 26 April 1999, OHIM accepted that restriction.

- 5 The application for the Community trade mark was published in *Community Trade Marks Bulletin* No 46/99 of 14 June 1999.

- 6 On 14 September 1999, Sigla SA filed a notice of opposition pursuant to Article 42(1) of Regulation No 40/94 against the registration of the mark applied for.
- 7 The opposition was based on the applicant's word mark VIPS, previously registered in Spain, for services in Class 42 of the Nice Agreement which correspond to the following description: 'Services in procuring food and drink prepared for consumption; restaurants; self-service restaurants, canteens, bars, cafeterias; hotel services' ('the earlier mark'). Sigla also maintained that the mark VIPS was well-known in Spain within the meaning of Article 6 bis of the Paris Convention for the protection of industrial property of 20 March 1883, last revised at Stockholm on 14 July 1967 and amended on 28 September 1979 (*United Nations Treaty Series*, Vol. 828, No 11847, p. 108), for 'services in procuring food and drink prepared for consumption; restaurants; cafeteria and bar services; the operation of establishments retailing consumer goods and gift articles, foodstuffs, stationery, books, audio-visual products, photographic material, perfumery, cleaning products, clothing, toys and software and offering services such as video film rental and film developing' for the purposes of Article 8(2)(c) of Regulation No 40/94. The opposition was directed against all the goods and services covered by the application for the Community trade mark.
- 8 The grounds relied on in support of the opposition were those set out in Article 8(1)(b) and Article 8(5) of Regulation No 40/94.
- 9 On 22 February 2000, Elleni Holding restricted, in accordance with Article 44(1) of Regulation No 40/94, the list of services in Class 42, which were covered by its application for registration, to 'computer programming for hotel services, restaurants, cafés'.

- 10 By decision No 2221/2000 of 28 September 2000, the Opposition Division of OHIM upheld the opposition in respect of the services in Class 42 and rejected it in respect of the goods and services in Classes 9 and 35. In essence, the Opposition Division found that, as the services covered by the earlier mark and the goods and services covered by the mark applied for were dissimilar, there was no likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94, despite the identity of the conflicting signs. However, the Opposition Division found that Article 8(5) of that regulation was applicable in respect of the services in Class 42, on the grounds that, firstly, the applicant had established that its earlier mark VIPS had a reputation on the Spanish market and, secondly, the mark applied for could take unfair advantage of, or be detrimental to, the reputation of the earlier mark given the connection between the two types of services concerned.
- 11 On 22 November 2000, Elleni Holding filed a notice of appeal, under Articles 57 to 62 of Regulation No 40/94, against the decision of the Opposition Division.
- 12 By decision of 1 April 2003 ('the contested decision'), notified to the applicant on 3 April 2003, the Third Board of Appeal upheld Elleni Holding's appeal and annulled the decision of the Opposition Division.
- 13 In essence, the Board of Appeal found that the applicant had proven the reputation of its earlier mark in Spain, but had not put forward the grounds on which the mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark. Thus, as it failed to establish one of the premisses which necessarily follow from Article 8(5) of Regulation No 40/94, that article could not have been applied in the present case. Furthermore, the Board of Appeal found that there was no need to examine the arguments submitted by the applicant in its observations in response to Elleni Holding's appeal which related to the application, in the present case, of Article 8(1)(b) of Regulation No 40/94 as the appeal was only based on Article 8(5) of the regulation and, therefore, the subject-matter of the proceedings could not be extended by the applicant in its observations

in response presented before the Board of Appeal. It could have been otherwise only if the applicant had filed a separate notice of appeal, under the conditions and within the period laid down in Article 59 of Regulation No 40/94, seeking the annulment in part of the decision of the Opposition Division.

Forms of order sought

14 The applicant claims that the Court should:

- annul the contested decision;

- order OHIM to pay the costs.

15 OHIM contends that the Court should:

- dismiss the action in so far as it relates to the head of claim concerning the infringement of Article 8(5) of Regulation No 40/94;

- order the applicant to pay the costs.

16 In so far as the action relates to the head of claim concerning the infringement of the rights of the defence and of the principle that the parties delimit the subject-matter of the proceedings stemming from Article 74 of Regulation No 40/94, OHIM states that it leaves the decision to the discretion of the Court without submitting a specific head of claim.

Law

- 17 In support of its action, the applicant relies on two pleas in law. The first plea, raised by way of principal claim, alleges the infringement of Article 8(5) of Regulation No 40/94. The second plea, raised in the alternative, alleges the infringement of the rights of the defence and of the principle that the parties delimit the subject-matter of the proceedings, referred to in Article 74 of that regulation.

The first plea: infringement of Article 8(5) of Regulation No 40/94

Arguments of the parties

- 18 First, the applicant disputes the Board of Appeal's statement that it did not make any claim or adduce evidence concerning the facts relied on, namely the risk that the use of the mark applied for would be detrimental to the earlier mark or take unfair advantage of it. In that regard, the applicant refers to extracts from its written observations before the Opposition Division dated 11 February and 17 May 2000 and from its observations before the Board of Appeal in response to Elleni Holding's appeal.
- 19 According to the applicant, it is apparent from those extracts that its opposition, in so far as it was based on Article 8(5) of Regulation No 40/94, relied on the following considerations: firstly, the applicant has won recognition by the Spanish public of its earlier mark as a prestigious, quality mark and there is a likelihood that the positive 'representations' associated with that mark would be transferred by consumers to Elleni Holding's goods. Secondly, the applicant made considerable investments in

advertising and in the promotion of its services in order to circulate its mark and secure acceptance of it and the mark applied for could take unfair advantage of that. Thirdly, Elleni Holding has adduced no evidence to establish the legitimacy of its use of the mark applied for. Fourthly, the risk that the mark applied for would appropriate prestige, renown or reputation from the earlier mark is strengthened by the fact that the commercial areas covered by the services described by the mark applied for are closely related to those covered by the applicant's mark. Consequently, the requirements for the application of Article 8(5) of Regulation No 40/94 are met in the present case.

- 20 Secondly, the applicant observes that, as the Board of Appeal stated in paragraph 44 of the contested decision, the use, in the wording of Article 8(5) of Regulation No 40/94, of the conditional form ('would take unfair advantage of, or be detrimental to') shows that a simple probability, based on a logical and deductive analysis, is sufficient to confirm that unfair advantage has been taken of the distinctive character or the repute of the earlier mark. Physical evidence of an unfair advantage cannot be required since the contested sign has not yet been registered. That approach has already been accepted and explained by the Third Board of Appeal in its decision of 25 April 2001 (Case R-283/1999-3 HOLLYWOOD).
- 21 Thirdly, the applicant submits that the Board of Appeal erred in finding that the Opposition Division had based its assessment, as regards the existence of the risk covered by Article 8(5) of Regulation 40/94, on a simple connection between the services covered by the conflicting marks. The connection in question was taken into consideration by the Opposition Division only for the purpose of ascertaining the existence of such a risk. According to the applicant, the departments of OHIM acknowledge that the risk of association between the goods covered by the conflicting signs is a factor which is capable of increasing the probability of unfair advantage being taken of the earlier mark, as is shown by the Opposition Division's Decision No 1219/1999 of 15 November 1999 and the decision of the Third Board of Appeal of OHIM in HOLLYWOOD.

- 22 Fourthly, the applicant maintains that the interpretation by the Board of Appeal in the present case of Article 8(5) of Regulation No 40/94 is contrary to the provisions of Article 61 et seq. of that regulation and to Case T-163/98 *Procter & Gamble v OHIM (BABY-DRY)* [1999] ECR II-2383, paragraph 43. In that regard, the applicant submits that if the Board of Appeal had a doubt as to the applicant's position then the Board should have invited it, in accordance with Article 61(2) of Regulation No 40/94, to clarify its position.
- 23 Fifthly and lastly, the applicant refers to Decision No 531/2000 and Decision No 621/2001 of the Opposition Division of OHIM which were delivered in similar cases and bear out the approach taken by the applicant in this case as regards the interpretation of Article 8(5) of Regulation No 40/94.
- 24 OHIM submits that both the Opposition Division and the Board of Appeal were right in finding, firstly, that the conflicting signs were identical and, secondly, that the applicant had proved that its mark put forward in opposition had acquired a reputation in Spain for 'services in procuring food and drink prepared for consumption; self-service restaurants, canteens, bars, cafeterias' in Class 42.
- 25 Furthermore, the Board of Appeal was fully entitled to find that the evidence of the unfair advantage which would be taken of, or the detriment which would be caused to, the distinctive character or the repute of the earlier mark by the mark applied for, within the meaning of Article 8(5) of Regulation No 40/94, could be based on probabilities. However, as the Board of Appeal stated, the applicant adduced no convincing arguments to prove such a risk either in its observations of 11 February and 17 May 2000 before the Opposition Board or in its observations in response to Elleni Holding's appeal. The Board of Appeal thus made no mistake in its analysis with respect to the application, in the present case, of Article 8(5) of Regulation No 40/94.

- 26 OHIM accepts that the reference made by the applicant, in its observations of 11 February 2000 before the Opposition Division, to its investments and promotional activities, which resulted in its mark, cited in opposition, being widely known, is relevant to proving the reputation of that mark. However, the applicant has not explained how that information is connected to the application for registration submitted by Elleni Holding. As regards the applicant's argument based on the fact that Elleni Holding has not proved that there is due cause for the use of the mark applied for, OHIM states that it was for the applicant itself, as the party opposed to the registration of the mark applied for, to submit objective evidence from which it could be inferred that Article 8(5) of Regulation No 40/94 applied in the present case.
- 27 OHIM states that it shares the Board of Appeal's conclusion that the connection put forward by the applicant between the services covered, respectively, by the earlier mark and the mark applied for was not, in itself, enough to infer that there was a risk of unfair advantage being taken of, or detriment being caused to, the earlier mark. In that regard, OHIM observes that, according to the applicant itself, the connection between the services covered by the opposing signs is only one factor which is capable of increasing the probability of such a risk. As the existence of such a risk has in no way been established, there can be no question of any increase of the risk at issue.
- 28 Furthermore, Elleni Holding's restriction of the services in Class 42 covered by the mark applied for (see paragraph 9 above) shows both the absence of intention, on its part, to take unfair advantage of the earlier mark and the improbability of a risk that the use of the mark applied for could be detrimental to the earlier mark.
- 29 Lastly, as regards the applicant's argument that the Board of Appeal should have invited it to clarify its position on the existence of the risk, OHIM contends that the Board of Appeal cannot be held responsible for the lacunae in the applicant's opposition. According to OHIM, the Board of Appeal restricts itself, under Article 74 of Regulation No 40/94, to an examination of the facts, evidence and arguments

provided by the parties in the opposition proceedings and any indication, on its part, to one of them, regarding the matters of fact or of law which are lacking, would prejudice the interests of the other and, therefore, constitute an infringement of the right to be heard, which is applicable to inter partes proceedings before OHIM.

- 30 In any event, OHIM maintains that Elleni Holding had already pointed, in its written pleading of 3 January 2001 containing the grounds for its appeal before the Board of Appeal, to the lack, on the applicant's part, of arguments which could prove that the use of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark. The applicant cannot, therefore, maintain that it did not know of that argument, to which it also replied in its observations in response to Elleni Holding's appeal.

Findings of the Court

- 31 It must be borne in mind, first, that under Article 8(5) of Regulation No 40/94 'upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the trade mark applied for shall not be registered where it is identical with or similar to the earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where in the case of an earlier Community trade mark the trade mark has a reputation in the Community and, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark'.
- 32 The wording of that provision refers to a mark applied for in respect of goods or services which are not identical or similar to those covered by the earlier mark.

However, in a reference for a preliminary ruling concerning the interpretation of Article 5(2) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), the legislative content of which is, in essence, identical to that of Article 8(5) of Regulation No 40/94, the Court of Justice held that, in the light of the overall scheme and objectives of the system of which Article 5(2) of the Directive is part, that article cannot be given an interpretation which would lead to marks with a reputation having less protection where a sign is used for identical or similar goods or services than where a sign is used for non-similar goods or services. In other words, according to the interpretation given by the Court, where the sign is used for identical or similar goods or services, a mark with a reputation must enjoy protection which is at least as extensive as where a sign is used for non-similar goods or services (Case C-292/00 *Davidoff* [2003] ECR I-389, paragraphs 24 to 26, and Case C-408/01 *Adidas-Salomon and Adidas Benelux* [2003] ECR I-12537, paragraphs 19 to 22).

33 Article 8(5) of Regulation No 40/94 must therefore, by analogy, be interpreted as meaning that it may be relied on in support of an opposition lodged against an application for a Community trade mark covering goods and services which are not identical and not similar to those described by the earlier mark as well as against an application for a Community trade mark covering goods which are identical or similar to those of the earlier mark.

34 It is also apparent from the wording of Article 8(5) of Regulation No 40/94 that its application is subject to the following conditions: first, that the marks at issue are identical or similar; secondly, that the earlier mark cited in opposition has a reputation and, thirdly, that there is a risk that the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark. Those conditions are cumulative and failure to satisfy one of them is sufficient to render that provision inapplicable (Case T-67/04 *Spa Monopole v OHIM — Spa-Finders Travel Arrangements (SPA-FINDERS)* [2005] ECR II-1825, paragraph 30).

35 In order to better define the risk referred to by Article 8(5) of Regulation No 40/94, it must be pointed out that the primary function of a mark is unquestionably that of an 'indication of origin' (see the seventh recital in the preamble to Regulation No 40/94). The fact remains that a mark also acts as a means of conveying other messages concerning, inter alia, the qualities or particular characteristics of the goods or services which it covers or the images and feelings which it conveys, such as, for example, luxury, lifestyle, exclusivity, adventure, youth. To that effect the mark has an inherent economic value which is independent of and separate from that of the goods and services for which it is registered. The messages in question which are conveyed inter alia by a mark with a reputation or which are associated with it confer on that mark a significant value which deserves protection, particularly because, in most cases, the reputation of a mark is the result of considerable effort and investment on the part of its proprietor. Consequently, Article 8(5) of Regulation No 40/94 ensures that a mark with a reputation is protected with regard to any application for an identical or similar mark which might adversely affect its image, even if the goods or services covered by the mark applied for are not similar to those for which the earlier mark with a reputation has been registered.

36 As regards, more particularly, the third of the conditions listed in paragraph 34 above, it is appropriate to analyse it as three separate types of risk, namely that the use without due cause of the mark applied for, first, is detrimental to the distinctive character of the earlier mark, secondly, is detrimental to the repute of the earlier mark or, thirdly, takes unfair advantage of the distinctive character or the repute of the earlier mark (*SPA-FINDERS*, cited in paragraph 34 above, paragraphs 43 to 53; see also, by analogy, the Opinion of Advocate General Jacobs in *Adidas-Salomon and Adidas Benelux*, cited in paragraph 32 above (ECR I-12540), points 36 to 39). Having regard to the wording of Article 8(5) of Regulation No 40/94, the existence of one of the above types of risk is sufficient for that provision to apply. Thus, the third of the cumulative conditions mentioned in paragraph 34 above can be divided into three alternative types of risk.

37 So far as concerns, first, detriment to the distinctive character of the earlier mark by the use without due cause of the mark applied for, that detriment can occur where the earlier mark is no longer capable of arousing immediate association with the

goods for which it is registered and used (*SPA-FINDERS*, paragraph 34 above, paragraph 43). That risk thus refers to the ‘dilution’ or ‘gradual whittling away’ of the earlier mark through the dispersion of its identity and its hold upon the public mind (Opinion of Advocate General Jacobs in *Adidas-Salomon and Adidas Benelux*, cited in paragraph 36 above, point 37).

38 However, the risk of dilution appears, in principle, to be lower if the earlier mark consists of a term which, because of a meaning inherent in it, is very common and frequently used, irrespective of the earlier mark consisting of the term at issue. In such a case, reuse of the term in question by the mark applied for is less likely to result in a dilution of the earlier mark. Thus in *SPA-FINDERS*, cited in paragraph 34 above, paragraph 44, the Court found that, since the term ‘spa’ was frequently used to designate, for example, the Belgian town of Spa and the Belgian racing circuit of Spa-Francorchamps or, in general, places for hydrotherapy such as hammams or saunas, the risk of another mark also containing the word element ‘Spa’ being detrimental to the distinctive character of the mark SPA appeared to be limited.

39 As regards, secondly, detriment to the repute of the earlier mark by the use without due cause of the mark applied for, it must be pointed out that such detriment is made out where the goods or services covered by the mark applied for may appeal to the public’s senses in such a way that the earlier mark’s power of attraction is diminished (*SPA-FINDERS*, cited in paragraph 34 above, paragraph 46). The risk of that detriment can, inter alia, occur where those goods or services have a characteristic or a quality which may have a negative influence on the image of an earlier mark with a reputation on account of its being identical or similar to the mark applied for.

40 Lastly, the concept of the unfair advantage taken of the distinctive character or the repute of the earlier mark by the use without due cause of the mark applied for encompasses instances where there is clear exploitation and ‘free-riding on the coat-

tails' of a famous mark or an attempt to trade upon its reputation (*SPA-FINDERS*, cited in paragraph 34 above, paragraph 51). In other words, this concerns the risk that the image of the mark with a reputation or the characteristics which it projects are transferred to the goods covered by the mark applied for, with the result that the marketing of those goods is made easier by that association with the earlier mark with a reputation.

41 That last type of risk must be distinguished from the likelihood of confusion covered by Article 8(1)(b) of Regulation No 40/94. According to settled case-law, a likelihood of confusion is defined as the likelihood that the public might believe that the goods or services covered by the mark applied for come from the same undertaking or, as the case may be, from economically-linked undertakings (Case T-104/01 *Oberhauser v OHIM — Petit Liberto (Fifties)* [2002] ECR II-4359, paragraph 25; see also, by analogy, Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 29, and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 17). By contrast, in cases covered by Article 8(5) of Regulation No 40/94, the relevant section of the public makes a connection, that is to say, establishes a link, between the marks at issue without, however, confusing them (see, by analogy, *Adidas-Salomon and Adidas Benelux*, cited in paragraph 32 above, paragraph 29). Therefore, the existence of a likelihood of confusion is not a condition for the application of that provision (see, by analogy, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 20).

42 On the basis of the foregoing, the difference between the risk of unfair advantage being taken, within the meaning of Article 8(5) of Regulation No 40/94, and the likelihood of confusion may be summarised as follows: there is a likelihood of confusion where the relevant consumer may be attracted by the product or service covered by the mark applied for by considering it to be a product or service with the same commercial origin as that covered by an earlier mark which is identical or similar to the mark applied for. By contrast, the risk that the use without due cause of the mark applied for would take unfair advantage of the distinctive character or the repute of the earlier trade mark continues to exist where the consumer, without necessarily confusing the commercial origin of the product or service in question, is attracted by the mark applied for itself and will buy the product or service covered by it on the ground that it bears that mark, which is identical or similar to an earlier mark with a reputation.

- 43 Secondly, it is appropriate to examine which evidence an opposing party, who is the proprietor of an earlier mark with a reputation, must put forward in support of the ground for opposition referred to in Article 8(5) of Regulation No 40/94.
- 44 In that connection, it must be borne in mind that, according to the second part of Article 74(1) of Regulation No 40/94, in proceedings relating to relative grounds for refusal of registration, OHIM's examination is to be restricted to the facts, evidence and arguments provided by the parties and the relief sought. That provision has been interpreted as meaning that the departments of OHIM, including the Board of Appeal, when ruling on opposition proceedings, may base their decision only on the relative grounds for refusal which the party concerned has relied on and the related facts and evidence it has presented (Case T-308/01 *Henkel v OHIM — LHS (UK) (KLEENCARE)* [2003] ECR II-3253, paragraph 32, and Case T-185/02 *Ruiz-Picasso and Others v OHIM — DaimlerChrysler (PICARO)* [2004] ECR II-1739, paragraph 28).
- 45 However, it has also been held that the restriction of the factual basis of the examination of the opposition did not preclude the taking into consideration, in addition to the facts expressly put forward by the parties during the opposition proceedings, of facts which are well known, that is, which are likely to be known by anyone or which may be learnt from generally accessible sources (*PICARO*, cited in paragraph 44 above, paragraph 29).
- 46 Furthermore, it must be noted that the purpose of Article 8(5) of Regulation No 40/94 is not to prevent registration of any mark which is identical or similar to a mark with a reputation. The objective of that provision is, notably, to enable the proprietor of an earlier mark with a reputation to oppose the registration of marks which are likely either to be detrimental to the repute or the distinctive character of the earlier mark or to take unfair advantage of that repute or distinctive character. In that connection, it should be made clear that the proprietor of the earlier mark is not

required to demonstrate actual and present harm to his mark. He must however adduce prima facie evidence of a future risk, which is not hypothetical, of unfair advantage or detriment (*SPA-FINDERS*, cited in paragraph 34 above, paragraph 40).

47 The existence of a link between the mark applied for and the earlier mark is an essential condition for the application of Article 8(5) of Regulation No 40/94. The harm referred to in that provision, where it occurs, is the consequence of a certain degree of similarity between the mark applied for and the earlier mark, by virtue of which the public concerned makes a connection between them, that is, establishes a link between them (*SPA-FINDERS*, cited in paragraph 34 above, paragraph 41). The existence of that link must be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, by analogy, *Adidas-Salomon and Adidas Benelux*, cited in paragraph 32 above, paragraphs 29 and 30). In that regard, the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (see, by analogy, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 30).

48 It is apparent from the foregoing that an opposing party who wishes to rely on the relative ground for refusal referred to in Article 8(5) of Regulation No 40/94 is required to indicate the earlier mark which he is citing in opposition and to prove its alleged reputation. In the light of the considerations in *General Motors*, cited in paragraph 47 above, paragraph 30, which are applicable to the present case by analogy, it is possible, particularly in the case of an opposition based on a mark with an exceptionally high reputation, that the probability of a future, non-hypothetical risk of detriment to or unfair advantage being taken of the mark cited in opposition by the mark applied for is so obvious that the opposing party does not need to put forward and prove any other fact to that end. However, it cannot be assumed that this is always the case. Indeed, it is possible that the mark applied for does not, at first sight, appear capable of giving rise to one of the three types of risk covered by Article 8(5) of Regulation No 40/94 with respect to the earlier mark with a reputation, even though it is identical with or similar to the earlier mark. In those circumstances, the opposition must be rejected as unfounded unless such a non-hypothetical, future risk of detriment or unfair advantage can be established by other evidence which it is for the opposing party to put forward and prove.

- 49 In the present case, it must be noted, first, that the Board of Appeal did not call in question the Opposition Division's finding that the conflicting signs were identical. The Board of Appeal also rejected Elleni Holding's arguments concerning the absence of sufficient proof, by the applicant, of the reputation of its earlier mark in Spain and, like the Opposition Division, accepted the existence of that reputation for the following services in Class 42: 'Services in procuring food and drink prepared for consumption; restaurants; self-service restaurants, bars, cafeterias' (contested decision, paragraph 31).
- 50 The Board of Appeal thus found that the applicant had fulfilled two of the three conditions for the application of Article 8(5) of Regulation No 40/94. However, it took the view that the applicant had not submitted any argument or conclusive evidence to prove that the use of the mark applied for would amount to a misappropriation of the reputation of the earlier mark or be detrimental to it (contested decision, paragraph 47). In that regard, the Board of Appeal observed that, contrary to what was stated in the decision of the Opposition Division, the only relevant evidence put forward to that end by the applicant, namely the existence of a simple connection between the services covered by the conflicting mark at issue, was not sufficient (contested decision, paragraph 46). Consequently, the Board of Appeal took the view that the opposition lodged by the applicant had to be rejected, as one of the conditions for the application of Article 8(5) of Regulation No 40/94 had not been fulfilled.
- 51 The contested decision must, therefore, be understood as meaning that the Board of Appeal was unable, in the present case, to detect a risk that the use of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark, even though the signs at issue were identical and despite the reputation of the earlier mark.
- 52 It follows that, in order to assess the legality of the contested decision, it must be examined whether there existed, in the present case, at least one of the three types of risk covered by Article 8(5) of Regulation No 40/94. For the purposes of that

examination, it must, first, be ascertained whether the applicant put forward before the departments of OHIM, besides the connection allegedly existing between the services covered by the two conflicting marks, other evidence capable of being taken into account by the Board of Appeal with respect to the assessment of the risks in question.

- 53 In its application, the applicant refers, in that respect, to the considerable advertising investment which it made in order to promote its services and circulate and secure acceptance of its earlier mark. Clearly, however, that information is relevant only to prove that the earlier mark has a reputation, a fact that was accepted by the contested decision. On the other hand, that advertising investment cannot, on its own, prove that there is a risk that the use of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark within the meaning of Article 8(5) of Regulation No 40/94 and is therefore irrelevant in the present case.
- 54 The applicant also cites the fact that the Spanish public recognised the earlier mark as being a ‘prestigious, quality’ mark. In its application, the applicant cites, in the same context, a passage from its observations of 11 February 2000, submitted to the Opposition Division, in which it refers to consistent advertising of the earlier mark ‘associated with the proven quality of the goods and services in question’. In those same observations, the applicant also mentions ‘evidence of the prestige and reputation’ of its earlier mark.
- 55 The Court notes that, in its observations, the applicant described the VIPS restaurants as establishments which are characterised by very extensive opening hours (from morning until 03.00 hrs), are open on all days of the week, including Sundays and public holidays, and have almost continuous catering based on a menu which is common to all the restaurants. It also set out several passages from articles which had appeared in the press or from books, from which it is apparent that VIPS are perceived by the Spanish public as rather informal places of relaxation, particularly attractive in the eyes of the young, where food may be obtained and shopping may be done at any time.

56 Furthermore, the VIPS restaurants were mentioned among other well-known fast food chains, or in contrast to quality restaurants, inter alia in the following passages:

- ‘Walk, perhaps, from Moncloa to the Plaza de España, observing, on the way, the McDonald’s, VIPS and Pan’s & Company’;

- ‘A quality restaurant had been carefully selected for the distinguished guest, but Willy Banks and Al Oerter only wanted hamburgers. That was some time ago, but things have not changed. Just last year, Maurice Greene celebrated his world record by going out to eat hamburgers at one in the morning in VIPS ...’;

- ‘As to restaurants, there will be a VIPS and Burger King’.

57 It must be pointed out in this connection that, although some fast food chain marks have an indisputable reputation, they do not, in principle and failing evidence to the contrary, convey a particularly prestigious or high-quality image, the fast food sector being associated with other qualities, such as speed or availability and, to a certain extent, youth, since many young people frequent that type of establishment.

58 In the light of those considerations, the vague and unsubstantiated references made by the applicant, in its observations before the Opposition Division, to the ‘prestige and reputation’ or to the ‘accepted quality’ of the goods and services offered in a VIPS restaurant do not invoke an image of prestige or of particularly high quality,

which is allegedly associated with its earlier mark VIPS. The applicant appears to confuse, both in its observations before OHIM and in its application, the concepts of the reputation of a mark with its possible prestige or its particular qualities. However, it cannot be assumed that each mark with a reputation conveys, by the mere fact of its reputation, an image of prestige or superior quality. It follows that the contested decision correctly took no account of the prestige allegedly associated with the earlier mark.

59 If the applicant's reference in its application to the particular prestige of its earlier mark were to be understood as being the first time that that fact was put forward before the Court, it would have to be noted that the purpose of an action before the Court of First Instance is to review the legality of decisions of the Boards of Appeal of OHIM within the meaning of Article 63 of Regulation No 40/94 (Case T-237/01 *Alcon v OHIM — Dr. Robert Winzer Pharma (BSS)* [2003] ECR II-411, paragraph 61; Case T-128/01 *DaimlerChrysler v OHIM (Calandre)* [2003] ECR II-701, paragraph 18; and Case T-129/01 *Alejandro v OHIM — Anheuser-Busch (BUDMEN)* [2003] ECR II-2251, paragraph 67). The review must be carried out in the light of the factual and legal context of the dispute as it was brought before the Board of Appeal (Case T-194/01 *Unilever v OHIM (Ovoid tablet)* [2003] ECR II-383, paragraph 16, and Case T-311/01 *Éditions Albert René v OHIM — Trucco (Starix)* [2003] ECR II-4625, paragraph 70). Consequently, that new fact must be rejected as inadmissible, since its examination by the Court would go beyond the factual and legal context of the contested decision (see, to that effect, *Starix*, paragraph 73, and Case T-66/03 *'Drie Mollen sinds 1818' v OHIM — Nabeiro Silveria (Galáxia)* [2004] ECR II-1765, paragraphs 46 and 47).

60 Lastly, the applicant submits that Elleni Holding put forward no evidence of due cause for the use of the trade mark applied for. It must, however, be pointed out in that connection that an examination of the existence of at least one of the three types of risk covered by the third and last condition for the application of Article 8(5) of Regulation No 40/94 must, logically, precede an assessment of any 'due cause'. If it is established that none of those three types of risk exists, the registration and use of the mark applied for cannot be prevented, as the existence or absence of due cause for the use of the mark applied for is, in those circumstances, irrelevant.

61 It is apparent from the foregoing that the Board of Appeal was right to take the view, in the contested decision, that the only relevant factor put forward by the applicant in support of the relative ground for refusal referred to in Article 8(5) was the connection between the services covered by the two conflicting marks. It must therefore be established whether the Board of Appeal was right in finding that that factor was not sufficient to prove the existence of at least one of the three types of risk described above and covered by that provision.

62 As far as concerns, first, the risk that the use of the mark applied for would be detrimental to the distinctive character of the earlier mark, in other words the risk of ‘dilution’ and ‘gradual whittling away’ of that mark, as explained in paragraphs 37 and 38 above, it must be pointed out that the term ‘VIPS’ is the plural form, in English, of the abbreviation VIP (‘Very Important Person’), which is widely and frequently used both internationally and nationally to describe famous personalities. In those circumstances, the risk that the use of the mark applied for would be detrimental to the distinctive character of the earlier mark is limited.

63 That same risk is also even less probable in the present case as the mark applied for covers the services ‘Computer programming relating to hotel services, restaurants, cafés’, which are directed at a special and necessarily more limited public, namely the owners of those establishments. The consequence is that the mark applied for, if registration is allowed, will probably be known, through use, only by that relatively limited public, a factor which certainly reduces the risk of dilution or gradual whittling away of the earlier mark through the dispersion of its identity and its hold upon the public mind.

64 Those findings cannot be called into question by the connection, put forward by the applicant, allegedly existing between the services covered by the two marks at issue.

As the Board of Appeal rightly pointed out in paragraph 46 of the contested decision, the connection in question is not relevant in that context, as dilution of the identity of a mark with a reputation does not depend on the goods and services covered by that mark being similar to those covered by the mark applied for.

65 It follows that the contested decision correctly finds that there is no risk of dilution of the distinctive character of the earlier mark by the use of the mark applied for.

66 Secondly, it is appropriate to examine the risk that the use of the mark applied for could be detrimental to the reputation of the earlier mark. As was explained in paragraph 39 above, at issue is the risk that the association of the earlier mark with a reputation with the goods or services covered by the identical or similar mark applied for results in the earlier mark being damaged or tarnished, as a result of the fact that the goods or services covered by the mark applied for have a characteristic or a particular quality which may have a negative influence on the earlier mark's image.

67 In that regard, it must be stated that the services covered by the mark applied for do not have any characteristic or quality capable of establishing the likelihood of detriment of that type to the earlier mark. The applicant neither cited, nor a fortiori proved, any characteristic or quality of that kind. The mere existence of a connection between the services covered by the conflicting marks is neither sufficient nor determinative. It is true that the existence of such a connection strengthens the probability that the public, faced with the mark applied for, would also think of the earlier mark. However, that factor is not, in itself, sufficient to diminish the earlier mark's power of attraction. Such an outcome can arise only if it is established that the services covered by the mark applied for have characteristics or qualities which are potentially detrimental to the reputation of the earlier mark. Such evidence has not been adduced in the present case.

68 Consequently, the Board of Appeal was right in finding that there was no risk of detriment to the reputation of the earlier mark.

69 Lastly, it is appropriate to assess the risk that the use of the trade mark applied for would take unfair advantage of the distinctive character or the repute of the earlier mark. As was pointed out in paragraphs 40 to 42 above, that risk must be distinguished from the likelihood of confusion covered by Article 8(1)(b) of Regulation No 40/94, since, in the case of the risk at issue which is covered by Article 8(5) of that regulation, the public will not necessarily confuse the marks at issue.

70 It must be pointed out in that connection that the argument that the public concerned by the mark applied for would be inclined to procure the computer software covered by that mark, regarding it as coming from or used by the VIPS restaurants of repute, is part of the assessment of any likelihood of confusion covered by the relative ground for refusal in Article 8(1)(b) of Regulation No 40/94 and not by that in Article 8(5). A likelihood of confusion was in fact alleged by the applicant in support of its opposition, but it was rejected by the Opposition Division and was not re-examined in the contested decision. The applicant contests this in its second plea in law, which will be examined below.

71 By contrast, there could be a risk of unfair advantage being taken of the distinctive character or the repute of the earlier mark only if the relevant public, without confusing the origin of the services covered by the conflicting marks, were particularly attracted to Elleni Holding's software solely because it is covered by a mark which is identical to the earlier mark with a reputation, VIPS.

72 However, there is, in the present case, no evidence capable of establishing the risk mentioned in the previous paragraph. As the Board of Appeal correctly pointed out,

the connection between the services covered by the marks at issue is not, on its own, sufficient. To accept that the use of the mark applied for would take unfair advantage of the distinctive character or the repute of the earlier mark, even though there is no likelihood of confusion as regards the commercial origin of the services in question, requires evidence of an association of the mark applied for with the positive qualities of the identical earlier mark which could give rise to manifest exploitation or free-riding by the mark applied for.

73 In the absence of an explanation by the applicant of the particular characteristics which it claims its earlier mark has and of the way in which those characteristics are capable of facilitating the marketing of the services covered by the mark applied for, the characteristics normally associated with a mark with a reputation for a fast food chain, mentioned in paragraph 57 above, cannot be considered in themselves to be such as to bring any advantage to computer programming services, even those intended for hotels or restaurants.

74 That is all the more true because the services covered by the mark applied for represent a large investment by the proprietors of the hotels, restaurants and other establishments of that type for which they are intended. It seems unlikely that the fact that the mark covering those services is identical to an earlier mark with a reputation would have, in itself, a large influence on the choice made by that limited and relatively specialised public in favour of one or other piece of software available on the market. It is much more likely that that choice will be made on the basis of other more substantial and determining factors, such as the cost of each piece of software on offer, its performance or its data-processing capacity.

75 It is apparent from the foregoing that the contested decision also correctly ruled out the risk that the use of the mark applied for would take unfair advantage of the distinctive character or the repute of the earlier mark.

76 It should also be noted, as regards the three types of risk analysed above, that the applicant itself admits in its pleadings (see paragraph 21 above) that the connection put forward between the services covered by the two conflicting marks serves only to ‘ascertain’ the existence of a risk covered by Article 8(5) of Regulation No 40/94. The applicant thus acknowledges that that risk has to be proven on the basis of other evidence and is only corroborated or strengthened by the connection between the services in question. However, as has been stated, that other evidence is totally lacking in the present case.

77 The applicant’s argument based on Article 61 et seq. of Regulation No 40/94 and *BABY-DRY*, cited in paragraph 22 above, paragraph 43, cannot be accepted either. First, in that judgment, the Court pointed out that it followed from the provisions of Articles 61 and 62 of Regulation No 40/94 and from the scheme of that regulation that it was not open to the Board of Appeal simply to reject new arguments by the party which lodged the appeal, and which were put forward for the first time at the appeal stage, solely on the ground that those arguments were not raised before the lower instance, but that it was required to rule on the substance of that issue or to remit the matter to the lower instance. In the present case, the applicant, who is not the party which lodged the appeal before the Board of Appeal, does not even allege that it submitted new arguments before the Board and that the latter refused to take them into consideration.

78 Secondly, Article 61(2) of Regulation No 40/94 provides that ‘[i]n the examination of the appeal, the Board of Appeal shall invite the parties, as often as necessary, to file observations, within a period to be fixed by the Board of Appeal, on communications from the other parties or issued by itself’. Contrary to the applicant’s submissions, that provision does not impose on the Board of Appeal an obligation to invite the parties to supplement their own pleadings and documents before it.

79 Lastly, so far as concerns the decisions of the departments of OHIM in other cases to which the applicant refers, it must be pointed out that, although it is possible for the parties to put forward such decisions for the sole purpose of providing the Court with a source of inspiration for its interpretation of the relevant provisions (see, to that effect, Case T-123/04 *Cargo Partner v OHIM (CARGO PARTNER)* [2005] ECR II-3979, paragraph 68, and Case T-346/04 *Sadas v OHIM — LTJ Diffusion (ARTHUR ET FELICIE)* [2005] ECR II-4891, paragraph 20), the fact remains that the legality of decisions of the Boards of Appeal is to be assessed purely by reference to Regulation No 40/94, as interpreted by the Community judicature, so that the mere contravention, by a decision of a Board of Appeal of OHIM, of the practice of OHIM's departments in earlier decisions cannot constitute a ground of challenge capable of warranting the annulment of that decision (Case C-37/03 P *BioID v OHIM* [2005] ECR I-7975, paragraph 47; Case T-130/01 *Sykes Enterprises v OHIM (REAL PEOPLE, REAL SOLUTIONS)* [2002] ECR II-5179, paragraph 31; *BUDMEN*, cited in paragraph 59 above, paragraph 61; and Case T-19/04 *Metso Paper Automation v OHIM (PAPERLAB)* [2005] ECR II-2383, paragraph 39).

80 In the light of the above, the applicant's first plea must be rejected as unfounded.

The second plea: infringement of the rights of the defence and of the principle that the parties delimit the subject-matter of the proceedings under Article 74 of Regulation No 40/94

Arguments of the parties

81 The applicant submits that the Board of Appeal infringed its rights of defence as well as the principle that the parties delimit the subject-matter of the proceedings under

Article 74 of Regulation No 40/94 by refusing to examine the arguments concerning the application to the present case of Article 8(1)(b) of that regulation which it put forward in its observations in response to Elleni Holding's appeal.

⁸² According to the applicant, in *inter partes* proceedings before OHIM, the transfer of power effected by virtue of the appeal to the Board of Appeal is delimited, under Article 74 of Regulation No 40/94, by the notice of appeal and by the parties' claims. In the present case, it is apparent from the appeal form submitted by Elleni Holding that the appeal was lodged against the whole of the decision given by the Opposition Division. Furthermore, in its observations before the Board of Appeal, the applicant contested the Opposition Division's refusal to apply Article 8(1)(b) of Regulation No 40/94 regarding the services in Class 42, but made no claim regarding the rejection of its opposition in respect of Classes 9 and 35.

⁸³ It follows that the subject-matter of the appeal was the review of the application, to the applicant's opposition, of Articles 8(1)(b) and 8(5) of Regulation No 40/94 with respect to the services in Class 42. A possible error by Elleni Holding in not restricting its appeal before the Board of Appeal to the only part of the Opposition Division's decision which was unfavourable to it cannot be corrected by the Board of Appeal of its own motion. If the Board of Appeal had doubts in that respect, it should have asked the appellant for clarification in accordance with Rule 49 of Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Regulation No 40/94 (OJ 1995 L 303, p. 1).

⁸⁴ The applicant submits that its position is borne out by the decision given by the Third Board of Appeal of OHIM on 23 January 2001 (Case R 158/2000-3),

mentioned in paragraph 23 of the contested decision, as well as by the decision of the same Board of Appeal of 3 July 2000 (Case R 198/1999-3), which acknowledged that the defendant's observations could have the effect of broadening the subject-matter of the case where that is accepted by the party who has lodged the appeal.

85 OHIM observes, first of all, that, in its observations in response to Elleni Holding's appeal before the Board of Appeal, the applicant claimed that the appeal should be dismissed and that the refusal to register the mark applied for should be upheld. In support of that head of claim, the applicant put forward arguments seeking, first, to rebut Elleni Holding's arguments regarding infringement of Article 8(5) of Regulation No 40/94 and, secondly, to claim that Article 8(1)(b) of that regulation should also have been applied in the present case.

86 OHIM maintains that there is no provision which allows the other party before the Board of Appeal to seek an independent form of order or submit independent pleas in law in its observations in response to the appeal. In the absence of such a provision, the Board of Appeal found, in the present case, that a party whose form of order had not been granted in its entirety by a lower instance of OHIM had to file a separate notice of appeal before the Board of Appeal in order to challenge the part of the contested decision which adversely affected it.

87 According to OHIM, that is a different situation from the one prevailing before the Court since, under Article 134(3) of the Rules of Procedure of the Court of First Instance, parties to proceedings before the Board of Appeal other than the applicant may, before the Court of First Instance, seek an order alternating or annulling the decision of the Board of Appeal on a point not raised in the application and put forward pleas in law not raised in the application. OHIM also refers, by way of

example, to certain provisions of Spanish law which have a similar effect to that of Article 134(3) of the Rules of Procedure. However, it points out that the Boards of Appeal of the European Patent Office, which has rules akin to Regulation No 40/94, adopt a position similar to that adopted by the contested decision.

88 OHIM submits the following analytical framework is relevant as regards the position adopted by the Board of Appeal: first, it refers to Article 58 of Regulation No 40/94 under which any party to proceedings adversely affected by a decision may appeal. According to OHIM, in light of that provision, there may be doubts in the present case as to the admissibility of an appeal lodged by the applicant against the decision of the Opposition Division in so far as that decision upheld the applicant's claims. If the applicant were not entitled to lodge a separate notice of appeal against the decision of the Opposition Division, the position adopted by the Board of Appeal might adversely affect the applicant's rights of defence in the event that the Opposition Division's decision upholding the applicant's claims were to be annulled without the Board of Appeal having ruled on another plea in law definitively rejected by the Opposition Division.

89 All the same, it would seem to be exaggerated to require a party whose claims have been upheld to lodge an appeal against the rejection of one of its arguments, solely in order to protect itself against the hypothetical risk that the other party, whose claims have been rejected, might appeal.

90 Secondly, OHIM maintains that the applicant's observations before the Board of Appeal were not intended as an appeal putting forward a different subject-matter, but solely to oppose the form of order sought by Elleni Holding before that instance, in order to reduce the risk of annulment of the opposition decision. Therefore, the examination of the applicant's argument alleging infringement of Article 8(1)(b) of Regulation No 40/94 could not have resulted in a *reformatio in pejus* of the decision of the Opposition Division.

- 91 Thirdly, OHIM submits that it is necessary to analyse the position adopted by the Board of Appeal with respect to the transfer of power effected by virtue of the appeal provided for in Article 62(1) of Regulation No 40/94, as well as with respect to the principle that the parties delimit the subject-matter of the proceedings under Article 74(1) of that regulation.
- 92 Fourthly, OHIM maintains that in any judicial system the powers of higher instances are more limited than those of the lower instances whose decisions are reviewed. The position adopted by the Board of Appeal in the present case, assessed in the light of Article 134(3) of the Rules of Procedure, implies that the Court has powers, as regards establishing the subject-matter of the dispute, which are greater than those of the Board of Appeal and according, to OHIM, that would, at the very least, be a strange proposition.
- 93 Consequently, OHIM states that it leaves the decision as regards the second plea put forward by the applicant to the discretion of the Court and takes the view that, if the Court finds it necessary to uphold that plea, the case would have to be referred back to the Board of Appeal for a ruling on the application of the relative ground for refusal under Article 8(1)(b) of Regulation No 40/94.

Findings of the Court

- 94 The Court points out, first of all, that, while OHIM does not have capacity to bring an action against a decision of a Board of Appeal, conversely it cannot be required to defend systematically every contested decision of a Board of Appeal or automatically to claim that every action challenging such a decision should be dismissed and may, in particular, leave the decision to the discretion of the Court, while putting forward

all the arguments that it considers appropriate for giving guidance to the Court (Case T-107/02 *GE Betz v OHIM — Atofina Chemicals (BIOMATE)* [2004] ECR II-1845, paragraphs 34 and 36; Case T-379/03 *Peek & Cloppenburg v OHIM (Cloppenburg)* [2005] ECR II-4633, paragraph 22; and Joined Cases T-466/04 and T-467/04 *Dami v OHIM — Stilton Cheese Makers (GERONIMO STILTON)* [2006] ECR II-183, paragraphs 30 and 31).

95 Secondly, it must be noted that, in claiming, in the context of this plea, infringement of its rights of defence and of the principle that it is for the parties to delimit the subject-matter of the proceedings, the applicant is in fact disputing the lawfulness of the contested decision inasmuch as the Board of Appeal did not examine the ground for opposition alleging the existence of a likelihood of confusion, which it should have done because the appeal proceedings had transferred to it the power and obligation to do so. Therefore, it must be determined whether the position adopted by the Board of Appeal was in accordance with its obligations when the Board examined the decision of the Opposition Division in the appeal before it.

96 It must be observed that, in accordance with Article 62(1) of Regulation No 40/94, following the examination as to the merits of the appeal, the Board of Appeal is to decide on the appeal and that, in doing so, it may 'exercise any power within the competence of the department which was responsible for the decision appealed', that is to say, in the present case, give judgment itself on the opposition by either rejecting it or declaring it to be founded, thereby either upholding or reversing the decision appealed. It thus follows from Article 62(1) of Regulation No 40/94 that, through the effect of the appeal brought before it, the Board of Appeal is called upon to carry out a new, full examination of the merits of the opposition, in terms of both law and fact.

97 Where the Board of Appeal considers that one of the relative grounds for refusal put forward by the opposing party in his opposition and upheld by the Opposition Division in its decision is not well founded, the new, full examination of the merits

of the opposition referred to in the previous paragraph necessarily entails an examination by the Board of Appeal, before annulling the Opposition Division's decision, of whether it may be possible to uphold the opposition on the basis of another relative ground for refusal, which was put forward by the opposing party before the Opposition Division but was rejected or not examined by it.

- 98 It follows that, in the present case, as the Board of Appeal concluded that the relative ground for refusal referred to in Article 8(5) of Regulation No 40/94 was incorrectly upheld by the Opposition Division, as regards the services in Class 42, it was required to re-examine, before annulling the decision of the lower instance, the other relative ground for refusal put forward by the applicant in support of its opposition, namely the likelihood of confusion between the mark applied for and the earlier mark.
- 99 Contrary to the statement in the contested decision, that examination by the Board of Appeal of the relative ground for refusal concerning the likelihood of confusion would not have broadened the subject-matter of the appeal, since an appeal before the Board of Appeal aims to bring about a new, full examination of the merits of the opposition in terms of both law and fact (see paragraph 96 above).
- 100 Furthermore, that same approach was called for in the present case, on the basis of the following considerations. It is apparent from Article 8 of Regulation No 40/94 that the relative grounds for refusal provided for in that article all result in exactly the same outcome, namely the refusal to register the mark applied for. It is therefore enough that one of the various relative grounds for refusal put forward in an opposition be well founded for there to be a decision upholding the opposing party's claim that the mark applied for should not be registered. In those circumstances, if the Opposition Division concludes that one of the relative grounds for refusal put forward by the opposing party is well founded, it may restrict the examination of the opposition to that sole ground, which is sufficient to justify a decision granting the opposition.

101 Admittedly, the Opposition Division may also decide to examine and, as the case may be, reject the other relative grounds for refusal put forward by the opposing party, as was the case here. However, that part of the grounds for its decision does not constitute the necessary support for the operative part upholding the opposition, it being founded, to the requisite legal standard, on the relative ground for refusal which has been upheld. There would indeed be no question of a rejection in part of the opposition where the opposing party's claim is granted in its entirety.

102 Nor, in such a situation, is it a case of an accumulation of separate oppositions lodged by the opposing party, some of which are rejected by the Opposition Division after one of them is allowed. The view that each relative ground for refusal put forward by the opposing party is to be regarded as a separate opposition is contrary to the wording of Article 42(1) of Regulation No 40/94, which provides that 'notice of opposition ... may be given on the grounds that [the mark] may not be registered under Article 8 ...'. Furthermore, procedural economy before OHIM requires that there should be no unnecessary increase in the number of oppositions and thus also militates against the view that an opposition founded on several relative grounds for refusal is, in fact, a bundle of several separate oppositions.

103 The above considerations are confirmed by the operative part of the Opposition Division's decision in the present case, which simply states, in paragraph 1, that the opposition is upheld in relation to the services in Class 42 and does not make any reference to a rejection in part of the opposition or to the rejection of another opposition relating to the same class.

104 In those circumstances, as regards Class 42, the examination of the applicant's opposition was not completed by the contested decision, in which the Board of

Appeal merely annulled the decision of the Opposition Division. The effect of that annulment was that the opposition proceedings, in so far as it concerns Class 42, became proceedings pending again and had to be closed by a second decision which either dismissed it or upheld it.

105 Under Article 62(1) of Regulation No 40/94, that second decision had to be taken by the Board of Appeal itself, unless it decided to remit the case to the Opposition Division. As has already been pointed out, a decision to remit the case would clearly be superfluous in the present case as the Opposition Division has already ruled also on the relative ground for refusal concerning a likelihood of confusion. That approach of the Opposition Division is obviously explained by a wish to avoid, for reasons of procedural economy, a referral of the case back to it by the Board of Appeal if the Board were to annul its decision.

106 The Board of Appeal's finding that the conditions for the application of Article 8(5) of Regulation No 40/94 were not fulfilled in the present case was therefore not sufficient, on its own, to bring about the rejection of the opposition in respect of the services in Class 42. To produce such an outcome, the Board of Appeal would also have had to adopt the Opposition Board's assessment of the likelihood of confusion between the marks at issue, which would necessarily have entailed a re-examination of that likelihood.

107 First, the Board of Appeal, in the contested decision, expressly refused to carry out an examination of the relative ground for refusal under Article 8(1)(b) of Regulation No 40/94 and did not, therefore, adopt or validate the reasoning of the Opposition Division relating to that ground. Secondly, the operative part of the contested decision merely annuls the Opposition Division's decision and does not indicate either the outcome of the opposition or even remit the case to the Opposition Division.

108 It follows from all of the above that, in not examining the abovementioned relative ground for refusal which was put forward by the applicant in good time and reiterated in its observations in response to Elleni Holding's appeal, the Board of Appeal failed to fulfil its obligations when examining the appeal.

109 In the contested decision, the Board of Appeal adopted a false premiss in taking the view that such an examination required the applicant to lodge a separate appeal against the Opposition Division's decision. Since, under Article 58 of Regulation No 40/94, any party to proceedings may appeal inasmuch as he is adversely affected by a decision, the applicant was not entitled, in the present case, to appeal against the Opposition Division's decision in so far as it related to registration of the mark applied for in respect of the services in Class 42. As has been pointed out in paragraphs 103 to 105 above, that decision, which upheld the opposition and refused the registration of the mark applied for in respect of the services in that class, upheld the applicant's claims in their entirety.

110 In those circumstances, OHIM's observation that, among the provisions of Regulation No 40/94 relating to appeals before the Boards of Appeal, there is no provision similar to that of Article 134(3) of the Rules of Procedure is irrelevant, since the Board of Appeal was required, in the circumstances of the present case, to examine the other relative ground for refusal put forward before the Opposition Division, but rejected by it, even in the absence of an express application to that effect by the opposing party.

111 It follows from all of the above that the second plea must be upheld. The contested decision must therefore be annulled, the Court not assuming OHIM's role in assessing the relative ground for refusal concerning a likelihood of confusion.

Costs

- 112 Under Article 87(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings.
- 113 In the present case, even though OHIM has left the decision to the discretion of the Court as regards the second plea, which has been upheld, it should be ordered to pay the costs incurred by the applicant, since the contested decision was made by its Board of Appeal (see, to that effect, *BIOMATE*, cited in paragraph 94 above, paragraph 97).

On those grounds,

THE COURT OF FIRST INSTANCE (Fifth Chamber)

hereby:

- 1. Annuls the decision of the Third Board of Appeal of the Office for Harmonization in the Internal market (Trade Marks and Designs) of 1 April 2003 (Case R 1127/2000-3);**

2. Orders the Office for Harmonization in the Internal Market (Trade Marks and Designs) to pay the costs incurred by the applicant.

Vilaras

Dehousse

Šváby

Delivered in open court in Luxembourg on 22 March 2007.

E. Coulon

M. Vilaras

Registrar

President